
FISMA CASH RECEIPTS FINAL AUDIT FINDING STATEMENT 2009



Prepared By:
State of California
The Resources Agency
Department of Water Resources
Internal Audit Office

December 2009

CASH RECEIPTS

The internal control objectives for the cash receipts cycle of the FISMA audit are:

- Procedures are established for collecting, safeguarding, and depositing cash receipts.
- Cash receipt duties are clearly defined and adequate separation of duties exists over cash receipts.
- All cash due is received and such amounts are authorized in accordance with State laws and regulations.
- Cash receipt transactions are correctly recorded in the accounting records and accountability is maintained.
- Subsidiary records are reconciled with control accounts and bank statements.
- State Full Cost Recovery Policies are adhered to.

FINDINGS AND RECOMMENDATIONS

FINDING **The Uncleared Collection account has several posted items that have been in the account for over one year.**

OBSERVATION:

The Uncleared Collections Account has over 11 Cash Receipts which total \$700,000. These amounts cannot be cleared because Fiscal Services has not been provided with pertinent funding information. In order to clear these amounts, Fiscal Services needs to know which funds to credit. However; the Program Managers have failed to supply Fiscal Services with the fund numbers. Additionally, these receipts have been in the Uncleared Collection account for over one year. SAM Section 8776 states "Departments must ensure Accounts Receivables are recorded promptly and accurately into the accounting system. When Accounts Receivables are collected, the collections will generally be classified as abatements, reimbursements, revenue, or refunds to reverted appropriations." The accounts receivable for which the receipt was collected cannot be recorded correctly because Fiscal Services cannot credit the appropriate accounts. Also, if a long period of time lapses, there is a possibility that the fund account where the expenditure originated will revert which will result in the Water Resources Revolving Fund not being reimbursed.

RECOMMENDATION:

We recommend that Fiscal Services issues a policy memo addressing this issue and forward it to the various Programs who are responsible for these accounts receivables.

DIVISION'S RESPONSE

State of California

California Natural Resources Agency

Memorandum

Date: December 8, 2009

To: Jeff Ingles, Chief
Internal Audit Office

From: Perla Netto-Brown, Chief
Division of Fiscal Services
Department of Water Resources

Subject: Response to Internal Control Review, Cash Receipts Audit Finding Statement

We have reviewed the audit finding issued by the Internal Audit Office and we are providing the following response to the findings and recommendations described in the audit report.

Finding No. 1: The Uncleared Collection account has several posted items that have been in the account for over a year.

We concur with this finding. The Governmental Billing Section has been in contact with program staff and the Department's FEMA coordinator to resolve these uncleared collection issues to no avail. Fiscal Services will issue a memo to address these concerns and elevate the issue to the Divisions' management to ensure they are aware of the importance of timely resolution of these matters. We will continue our efforts to get these items cleared.

SURNAME
DWR 155 (Rev 1/09)

Netto-Brown
12/08/09